

Janesville Consolidated School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2008

Table of Contents

Officials		<u>Page</u> 1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	14
Statement of Activities	B	15-16
Governmental Fund Financial Statements:		
Balance Sheet	C	17
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D	18
Statement of Revenues, Expenditures and Changes in Fund Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	21
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	22
Statement of Cash Flows	I	23
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	24
Statement of Changes in Fiduciary Net Assets	K	25
Notes to Financial Statements		26-34
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements And Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		35
Notes to Required Supplementary Information- Budgetary Reporting		36
Other Supplementary Information:	<u>Schedule</u>	
Non-major Funds:		
Combining Balance Sheet	1	37
Combining Schedule of Revenues, Expenditures and Changes In Fund Balance	2	38
Schedule of Changes in Special Revenue Fund-Student Activity Accounts	3	39
Schedule of Revenues by Source and Expenditures by Function- All Governmental Funds	4	40
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		41-42
Schedule of Findings		43-46

Janesville Consolidated School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
-------------	--------------	---------------------

Board of Education

(Before September 2007 Election)

Sandi Carroll	President	2007
Barbara Reid	Vice President	2008
Ron Henry	Board Member	2009
Rusty Roberts	Board Member	2007
Christine Mattingly	Board Member	2008

Board of Education

(After September 2007 Election)

Sandi Carroll	President	2010
Barbara Reid	Vice President	2008
Ron Henry	Board Member	2009
Rusty Roberts	Board Member	2010
Christine Mattingly	Board Member	2008

School Officials

Robert Weber	Superintendent	2008
Susan McClure	District Secretary/Treasurer and Business Manager	2008
Steven A. Weidner	Attorney	2008

Independent Auditor's Report

To the Board of Education of
Janesville Consolidated School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, Janesville, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

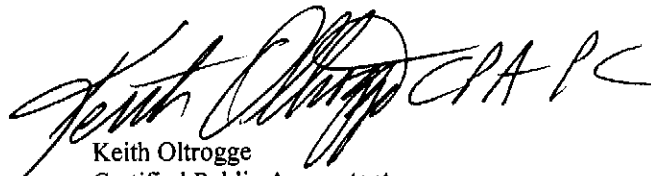
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 12, 2009 on my consideration of Janesville Consolidated School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 35 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Janesville Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules I through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

March 12, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Janesville Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,888,298 in fiscal 2007 to \$3,067,706 in fiscal 2008, while General Fund expenditures increased from \$2,842,478 in fiscal 2007 to \$2,930,758 in fiscal 2008. The District's General Fund balance increased from \$684,377 in fiscal 2007 to \$821,325 in fiscal 2008, a 16.7% increase.
- The increase in General Fund revenues was attributable to an increase in local tax and state and federal sources in fiscal 2008. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and facilities acquisition expenditures. One reason the General Fund balance increased is because revenue increased more than expenditures.
- The District's solvency ratio has increased from 24.10% at June 30, 2007 to 28% at June 30, 2008. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.
- The District experienced an increase in enrollment. The September 2007 enrollment was 358, up 3, while the September 2006 enrollment was 355.
- The District has cut back on employee travel, student field trips, and one spring play in light of the tight budget.
- Using PPEL funds the district made the final payment on the handicapped accessible school bus.
- The district and community worked together with Struxture Architect and Peters Construction to remodel the facility to be in compliance with fire safety and the American Disabilities Act.
- Speer Financial and bonding attorney, Ahlers Law Firm, handled the sale of Local Option Tax Anticipatory Revenue Bonds in the amount of \$1.6 million at a premium. These funds plus interest and Local Option Tax dollars were used to complete the remodeling project, which will cost approximately \$1.9 million.
- The infrastructure remodeling began in March 2007. Included are:
 - An expanded kitchen/multipurpose room
 - Event entrance with handicap accessible restrooms
 - Lower level media center, computer lab and administrative offices
 - One main and secure front entrance
 - Preschool nap room
 - Ramps and lift instead of stairs

During the 2007-08 school year; Janesville Consolidated School continued the building project that began in 2006-07. Peters Construction was the construction firm that undertook the 1.9 million dollar project. By-en-large the project progressed nicely during the 07-08 school year with the district able to occupy remodeled areas after the first of the year in 2008. The new construction areas to the south were turned over to the owner (school district) around the first of March. At the conclusion of the 07-08 school years, only finish work remained to be completed on the project. In addition; before Peters Construction was to receive final payment (as well as, Struxture Architects) there were some lingering issues involving concrete sidewalks and a curb located immediately in front of the main doors. Repayment of the building anticipatory notes also progressed as scheduled, with the final payment scheduled to be made in spring of 2009.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Janesville Consolidated School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Janesville Consolidated School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Janesville Consolidated School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Janesville Consolidated School District Annual Financial Report

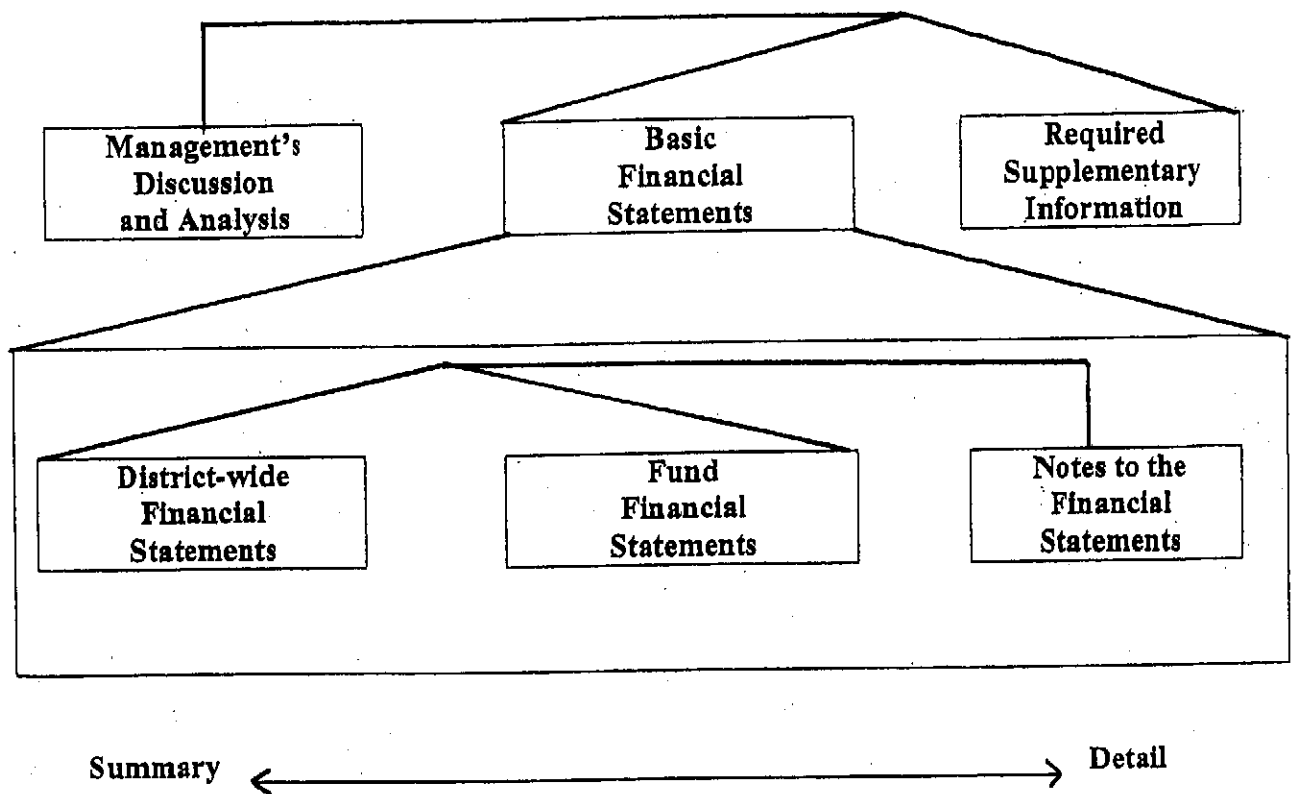


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's School Nutrition program and Childhood Development program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Childhood Development Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$3,099,955	\$4,322,406	\$33,223	\$9,119	\$3,133,178	\$4,331,525	-\$1,198,347
Capital assets	1,636,858	1,468,188	19,165	4,099	1,656,023	1,472,287	183,736
Total assets	\$4,736,813	\$5,790,594	\$52,388	\$13,218	\$4,789,201	\$5,803,812	-\$1,014,611
Long-term liabilities	\$1,600,000	\$1,620,612	\$-	\$-	\$1,600,000	\$1,620,612	-\$20,612
Other liabilities	1,319,617	1,698,057	9,880	17,752	1,329,497	1,715,809	-386,312
Total liabilities	\$2,919,617	\$3,318,669	\$9,880	\$17,752	\$2,929,497	\$3,336,421	-\$406,924
Net assets:							
Invested in capital assets, net of related debt	\$36,858	-\$152,424	\$19,165	\$4,099	\$56,023	-\$148,325	204,348
Restricted	959,013	1,969,234	-	-	959,013	1,969,234	-1,010,221
Unrestricted	821,325	655,115	23,343	-8,633	844,668	646,482	198,186
Total net assets	\$1,817,196	\$2,471,925	\$42,508	-\$4,534	\$1,859,704	\$2,467,391	-\$607,687

The District's combined net assets decreased by nearly 25%, or approximately \$608,000, over the prior year. The largest portion of the District's net assets is in the restricted net assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$1,010,000, or 51% over the prior year. The increase was a result of revenue bonds issued.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$198,000, or 23.5%. This increase in unrestricted net assets was a result of the District's increased revenues and careful management of expenses.

Figure A-4 shows the change in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4 Changes in Net Assets							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for service	\$314,555	\$294,039	\$170,391	\$148,562	\$484,946	\$442,601	\$42,345
Operating grants, contribution and restricted interest	381,794	340,411	33,805	30,581	415,599	370,992	44,607
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,145,977	1,115,013	-	-	1,145,977	1,115,013	30,964
Local option sales and service tax	282,618	250,545	-	-	282,618	250,545	32,073
Unrestricted state grants	1,420,820	1,376,569	-	-	1,420,820	1,376,569	44,251
Unrestricted investment earnings	66,151	118,030	84	73	66,235	118,103	-51,868
Other	20,116	5,028	600	-	20,716	5,028	15,688
Total revenues	\$3,632,031	\$3,499,635	\$204,880	\$179,216	\$3,836,911	\$3,678,851	\$158,060
Program expenses:							
Governmental activities:							
Instruction	\$2,182,047	\$2,093,553	\$-	\$-	\$2,182,047	\$2,093,553	\$88,494
Support services	855,051	812,638	-	-	855,051	812,638	42,413
Non-instructional programs	-	-	174,863	178,480	174,863	178,480	-3,617
Other expenses	1,232,637	281,418	-	-	1,232,637	281,418	951,219
Total expenses	\$4,269,735	\$3,187,609	\$174,863	\$178,480	\$4,444,598	\$3,366,089	\$1,078,509
Change in net assets before transfer	-\$637,704	\$312,026	\$30,017	\$736	-\$607,687	\$312,762	-\$920,449
Transfer	-17,025	-	17,025	-	-	-	-
Change in net assets	\$654,729	\$312,026	\$47,042	\$736	\$607,687	\$312,762	-\$920,449

Property tax and unrestricted state grants account for 67% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 68% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,632,031 and expenses were \$4,269,735. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5 Total and Net Cost of Governmental Activities					
	Total Cost of Services		Net Cost of Services		Change
	2008	2007	2008	2007	2007-2008
Instruction	\$2,182,047	\$2,093,553	\$1,528,851	\$1,493,098	\$35,753
Support Services	855,051	812,638	811,898	778,643	33,255
Non-instructional programs	-	-	-	-	-
Other expenses	1,232,637	281,418	1,232,637	281,418	951,219
Totals	\$4,269,735	\$3,187,609	\$3,573,386	\$2,553,159	\$1,020,227

- The cost financed by users of the District's programs was \$484,946.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$415,599.
- The net cost of governmental activities was financed with \$1,428,595 in property and other taxes and \$1,420,820 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$204,880 and expenses were \$174,863. The District's business type activities include the School Nutrition Fund and the Childhood Development Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Janesville Consolidated School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,786,038, well below last year's ending fund balances of \$2,653,611.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in grants resulted in an increase in revenues.
- The General Fund balance increased from \$684,377 to \$821,325, due in part to the increase in revenue over the increase in expenditures.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$73,211 in fiscal 2007 to \$80,875 in fiscal 2008.
- The Capital Projects Fund balance decreased due to expenditure for facilities acquisitions. The District ended fiscal 2007 with a balance of \$1,757,047. Fiscal 2008 ended with a balance of \$732,335.
- The District has been trying to maintain its General Fund balance by controlling classroom budgets, reducing travel and field trips, and reducing staff slightly where possible.
- The total elimination of Phase III dollars and technology funding from the state has made it difficult to maintain staff development for teachers and keep all of the school's computers in operational order. However, the funding of Teachers Quality Compensation dollars has eased this burden.
- The District used PPEL dollars to make the final lease/purchase payments on a handicap accessible school bus.
- The District used R.E.A.P. funds to purchase new library materials for the media center and for technology upgrades and equipment.
- The 2007-2008 R.E.A.P. dollars will also be used to purchase new mathematics textbooks for K – 12.

Proprietary Fund Highlights

- School Nutrition Fund net assets increased from \$10,776 at June 30, 2007 to \$35,507 at June 30, 2008, representing an increase of approximately 70%.
- Childhood Development Fund net assets increased from -\$15,310 at June 30, 2007 to \$7,001 at June 30, 2008.

BUDGETARY HIGHLIGHTS

The District's receipts were \$150,353 more than budgeted receipts, a variance of 4%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$1.66 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 11% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$95,631.

The original cost of the District's capital assets was \$4.27 million. Governmental funds account for \$4.25 million, with the remainder of \$.02 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in the capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2008, compared to \$722,789 reported at June 30, 2007. This decrease resulted from the remodeling project.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$18,751	\$18,751	\$-	\$-	\$18,751	\$18,751	\$-
Construction in progress	-	722,989	-	-	-	722,989	-722,989
Buildings	1,501,851	560,809	-	-	1,501,851	560,809	941,042
Improvements other than buildings	19,012	20,669	-	-	19,012	20,669	-1,657
Furniture and equipment	97,244	144,970	19,165	4,099	116,409	149,069	-32,660
Totals	\$1,636,858	\$1,468,188	\$19,165	\$4,099	\$1,656,023	\$1,472,287	\$183,736

Long-Term Debt

At June 30, 2008, the District had \$1,600,000 in long-term debt outstanding. This represents an decrease of approximately 1.3% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2008	2007	2007-2008
Revenue bonds	\$1,600,000	\$1,600,000	\$-
Notes payable	-	20,612	-20,612
	\$1,600,000	\$1,620,612	\$20,612

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The Instructional Support Levy was passed in September 2002 and money continues to come into the district.
- The District did levy a cash reserve amount for fiscal year 2008.
- The District's employee group health insurance stayed the same for fiscal year 2008.
- Unfunded mandates such as "No Child Left Behind" and "GASB 34" are making it very difficult for schools to keep adequate staffing and provide the necessary instructional materials.
- Reduction in Federal monies for school programs such as Title I and Safe & Drug Free presents a challenge for the district's budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan McClure, School Business Manager, Janesville Consolidated School, 505 Barrick Road, Janesville IA 50647.

Basic Financial Statements

Janesville Consolidated School District

Statement of Net Assets

June 30, 2008

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
Other	\$ 1,961,423	\$ 33,060	\$ 1,994,483
Receivables:			
Property tax:			
Delinquent	7,443	-	7,443
Succeeding year	1,054,168	-	1,054,168
Accounts	32,768	163	32,931
Due from other funds	16,909	-	16,909
Due from other governments	27,244	-	27,244
Capital assets, net of accumulated depreciation	1,636,858	19,165	1,656,023
Total Assets	\$ 4,736,813	\$ 52,388	\$ 4,789,201
Liabilities			
Accounts payable	\$ 33,538	\$ -	\$ 33,538
Salaries and benefits payable	209,302	8,364	217,666
Due to other funds	16,909	-	16,909
Accrued interest payable	5,700	-	5,700
Deferred revenue-succeeding year property tax	1,054,168	-	1,054,168
Deferred revenue	-	1,516	1,516
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	1,600,000	-	1,600,000
Total Liabilities	\$ 2,919,617	\$ 9,880	\$ 2,929,497
Net Assets			
Invested in capital assets, net of related debt	\$ 36,858	\$ 19,165	\$ 56,023
Restricted for:			
Debt service	-1,356	-	-1,356
Management levy	91,676	-	91,676
Physical plant and equipment levy	80,875	-	80,875
Other special revenue purposes	55,483	-	55,483
Capital projects	732,335	-	732,335
Unrestricted	821,325	23,343	844,668
Total Net Assets	\$ 1,817,196	\$ 42,508	\$ 1,859,704

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2008

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,627,840	\$ 154,520	\$ 339,731	\$ -
Special instruction	377,495	24,908	29,806	-
Other instruction	176,712	102,784	1,447	-
	<u>\$ 2,182,047</u>	<u>\$ 282,212</u>	<u>\$ 370,984</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 54,011	\$ -	\$ 2,821	\$ -
Instructional staff services	26,036	-	-	-
Administration services	367,164	-	-	-
Operation and maintenance of plant services	249,707	-	-	-
Transportation services	158,033	32,343	7,989	-
Community services	100	-	-	-
	<u>\$ 855,051</u>	<u>\$ 32,343</u>	<u>\$ 10,810</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 1,067,412	\$ -	\$ -	\$ -
Long-term debt interest	45,848	-	-	-
AEA flow-through	119,377	-	-	-
	<u>\$ 1,232,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 4,269,735</u>	<u>\$ 314,555</u>	<u>\$ 381,794</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 106,026	\$ 79,243	\$ 33,805	\$ -
Childhood development	68,837	91,148	-	-
	<u>\$ 174,863</u>	<u>\$ 170,391</u>	<u>\$ 33,805</u>	<u>\$ -</u>
Total	<u>\$ 4,444,598</u>	<u>\$ 484,946</u>	<u>\$ 415,599</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities	Total
\$	-1,133,589	\$ -	\$ -1,133,589
	-322,781	-	-322,781
	-72,481	-	-72,481
\$	-1,528,851	\$ -	\$ -1,528,851
\$	-51,190	\$ -	\$ -51,190
	-26,036	-	-26,036
	-367,164	-	-367,164
	-249,707	-	-249,707
	-117,701	-	-117,701
	-100	-	-100
\$	-811,898	\$ -	\$ -811,898
\$	-1,067,412	\$ -	\$ -1,067,412
	-45,848	-	-45,848
	-119,377	-	-119,377
\$	-1,232,637	\$ -	\$ -1,232,637
\$	-3,573,386	\$ -	\$ -3,573,386
\$	-	\$ 7,022	\$ 7,022
	-	22,311	22,311
\$	-	29,333	\$ 29,333
\$	-3,573,386	\$ 29,333	\$ -3,544,053

Janesville Consolidated School District

Statement of Activities

Year Ended June 30, 2008

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

General Revenues:

Property Tax Levied For:
 General purposes
 Capital outlay
Local option sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other general revenues

Total General Revenues

Change in net assets before transfers
Operating transfers

Change in net assets after transfers

Net assets beginning of year

Net Assets End of Year

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities	Total
\$	1,061,281	\$ -	\$ 1,061,281
	84,696	-	84,696
	282,618	-	282,618
	1,420,820	-	1,420,820
	66,151	84	66,235
	20,116	600	20,716
\$	2,935,682	\$ 684	\$ 2,936,366
\$	-637,704	\$ 30,017	\$ -607,687
	-17,025	17,025	-
\$	-654,729	\$ 47,042	\$ -607,687
	2,471,925	-4,534	2,467,391
\$	1,817,196	\$ 42,508	\$ 1,859,704

Janesville Consolidated School District

Balance Sheet
Governmental Funds

June 30, 2008

Assets	General	Capital Projects	Non-major Funds	Total
Cash and Pooled Investments:				
Other	\$ 993,707	\$ 747,856	\$ 219,860	\$ 1,961,423
Receivables:				
Property Tax:				
Delinquent	6,479	-	964	7,443
Succeeding year	935,256	-	118,912	1,054,168
Accounts	32,333	-	435	32,768
Due from other funds	1,413	-	15,496	16,909
Due from other governments	5,697	21,547	-	27,244
Total Assets	\$ 1,974,885	\$ 769,403	\$ 355,667	\$ 3,099,955
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 9,002	\$ 21,572	\$ 2,964	\$ 33,538
Salaries and benefits payable	209,302	-	-	209,302
Due to other funds	-	15,496	1,413	16,909
Deferred Revenue:				
Succeeding year property tax	935,256	-	118,912	1,054,168
Total Liabilities	\$ 1,153,560	\$ 37,068	\$ 123,289	\$ 1,313,917
Fund Balances:				
Reserved	\$ -	\$ -	\$ 4,344	\$ 4,344
Unreserved	821,325	732,335	228,034	1,781,694
Total Fund Balance	\$ 821,325	\$ 732,335	\$ 232,378	\$ 1,786,038
Total Liabilities and Fund Balances	\$ 1,974,885	\$ 769,403	\$ 355,667	\$ 3,099,955

Janesville Consolidated School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2008

Total fund balances of governmental funds (page 16)	\$ 1,786,038
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	1,636,858
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-5,700
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>1,600,000</u>
Net assets of governmental activities (page 13)	<u>\$ 1,817,196</u>

Janesville Consolidated School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2008

	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,016,308	\$ 282,618	\$ 129,669	\$ 1,428,595
Tuition	166,772	-	-	166,772
Other	82,188	51,931	99,931	234,050
Intermediate sources	-	-	-	-
State sources	1,699,462	-	176	1,699,638
Federal sources	102,976	-	-	102,976
Total Revenues	\$ 3,067,706	\$ 334,549	\$ 229,776	\$ 3,632,031
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,559,627	\$ -	\$ -	\$ 1,559,627
Special instruction	377,495	-	-	377,495
Other instruction	86,787	-	88,793	175,580
	\$ 2,023,909	\$ -	\$ 88,793	\$ 2,112,702
Support Services:				
Student services	\$ 54,011	\$ -	\$ -	\$ 54,011
Instructional staff services	26,036	-	-	26,036
Administration services	358,769	-	6,665	365,434
Operation and maintenance of plant services	209,679	-	36,588	246,267
Transportation services	138,877	-	-	138,877
Community services	100	-	-	100
	\$ 787,472	\$ -	\$ 43,253	\$ 830,725
Other Expenditures:				
Facilities acquisition	\$ -	\$ 1,290,861	\$ 38,892	\$ 1,329,753
Long-Term Debt:				
Principal	-	-	20,612	20,612
Interest	-	-	69,410	69,410
AEA flow-through	119,377	-	-	119,377
	\$ 119,377	\$ 1,290,861	\$ 128,914	\$ 1,539,152
Total Expenditures	\$ 2,930,758	\$ 1,290,861	\$ 260,960	\$ 4,482,579
Excess of revenues over expenditures	\$ 136,948	\$ -956,312	\$ -31,184	\$ -850,548
Other Financing Sources (Uses):				
Operating transfers in	\$ -	\$ 336,411	\$ 90,022	\$ 426,433
Operating transfers out	-	-404,811	-38,647	-443,458
Total Other Financing Sources (Uses)	\$ -	\$ -68,400	\$ 51,375	\$ -17,025
Net change in fund balances	\$ 136,948	\$ -1,024,712	\$ 20,191	\$ -867,573
Fund balances beginning of year	684,377	1,757,047	212,187	2,653,611
Fund Balances End of Year	\$ 821,325	\$ 732,335	\$ 232,378	\$ 1,786,038

See notes to financial statements.

Janesville Consolidated School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities**

Year Ended June 30, 2008

Net change in fund balances – total governmental funds (page 18) \$ -867,573

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 262,341	
Depreciation expense	-93,671	168,670

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments, as follows:

Repaid		20,612
--------	--	--------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

23,562

Change in Net Assets of Governmental Activities (page 15)	\$	<u>-654,729</u>
--	-----------	------------------------

Janesville Consolidated School District

Statement of Net Assets
Proprietary Funds

June 30, 2008

	Hot Lunch	Childhood Development	Total
Assets			
Cash and cash equivalents	\$ 17,695	\$ 15,365	\$ 33,060
Accounts receivable	163	-	163
Capital assets, net of accumulated depreciation	19,165	-	19,165
Total Assets	\$ 37,023	\$ 15,365	\$ 52,388
Liabilities			
Salaries and benefits payable	\$ -	\$ 8,364	\$ 8,364
Deferred revenue	1,516	-	1,516
Total Liabilities	\$ 1,516	\$ 8,364	\$ 9,880
Net Assets			
Invested in capital assets, net of related debt	\$ 19,165	\$ -	\$ 19,165
Unrestricted	16,342	7,001	23,343
Total Net Assets	\$ 35,507	\$ 7,001	\$ 42,508

See notes to financial statements.

Janesville Consolidated School District

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

June 30, 2008

	Hot Lunch	Childhood Development	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 79,243	\$ 91,148	\$ 170,391
Operating expenses:			
Instruction:			
Other instruction:			
Salaries	\$ -	\$ 54,231	\$ 54,231
Benefits	-	13,983	13,983
Supplies	-	623	623
	\$ -	\$ 68,837	\$ 68,837
Non-instructional programs:			
Operations:			
Salaries	\$ 5,815	\$ -	\$ 5,815
Benefits	739	-	739
Supplies	96,930	-	96,930
Purchased services	582	-	582
Depreciation	1,960	-	1,960
	\$ 106,026	\$ -	\$ 106,026
Total operating expenses	\$ 106,026	\$ 68,837	\$ 174,863
Operating income (loss)	\$ -26,783	\$ 22,311	\$ -4,472
Non-operating revenues:			
State sources	\$ 1,295	\$ -	\$ 1,295
Federal sources	32,510	-	32,510
Interest income	84	-	84
Gain on sale of assets	600	-	600
Total non-operating revenues	\$ 34,489	\$ -	\$ 34,489
Change in net assets before other financing sources	\$ 7,706	\$ 22,311	\$ 30,017
Other financing sources:			
Operating transfers in	17,025	-	17,025
Change in net assets and other financing sources	\$ 24,731	22,311	\$ 47,042
Net assets beginning of year	10,776	-15,310	-4,534
Net Assets End of Year	\$ 35,507	\$ 7,001	\$ 42,508

See notes to financial statements.

Janesville Consolidated School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2008

	Hot Lunch	Childhood Development	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 91,148	\$ 91,148
Cash received from sale of lunches and breakfasts	79,509	-	79,509
Cash paid to employees for services	-7,853	-67,797	-75,650
Cash paid to suppliers for goods or services	-88,442	-623	-89,065
Net cash provided (used) by operating activities	\$ -16,786	\$ 22,728	\$ 5,942
Cash flows from non-capital financing activities:			
State grants received	\$ 1,295	\$ -	\$ 1,295
Federal grants received	23,440	-	23,440
Operating transfer in	17,025	-	17,025
Net cash provided by non-capital financing activities	\$ 41,760	\$ -	\$ 41,760
Cash flows from capital and related financing activities:			
Sale of capital assets	\$ 600	\$ -	\$ 600
Acquisition of capital assets	-17,025	-	-17,025
Net cost used by capital and related financing activities	\$ -16,425	\$ -	\$ -16,425
Cash flows from investing activities:			
Interest on investments	\$ 84	\$ -	\$ 84
Net increase (decrease) in cash and cash equivalents	\$ 8,633	\$ 22,728	\$ 31,361
Cash and cash equivalents beginning of year	9,062	-7,363	1,699
Cash and Cash Equivalents End of Year	\$ 17,695	\$ 15,365	\$ 33,060
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -26,783	\$ 22,311	\$ -4,472
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	9,071	-	9,071
Depreciation	1,960	-	1,960
(Increase) in accounts receivable	-105	-	-105
(Decrease) Increase in salaries and benefits payable	-650	417	-233
Increase in deferred revenue	371	-	371
(Decrease) in due to other funds	-650	-	-650
Net Cash Provided (Used) by Operating Activities	\$ -16,786	\$ 22,728	\$ 5,942

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$9,071 of federal commodities.

See notes to financial statements.

Janesville Consolidated School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2008

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 269,694
Interest receivable	<u>301</u>
Total assets	<u>\$ 269,995</u>
Liabilities	<u>\$ -</u>
Net Assets	
Reserved for scholarships	<u>\$ 269,995</u>

See notes to financial statements.

Janesville Consolidated School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2008

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 12,372
Deductions:	
Support services:	
Scholarships awarded	\$ 6,000
Change in net assets	\$ 6,372
Net assets beginning of year	<u>263,623</u>
Net Assets End of Year	<u>\$ 269,995</u>

Janesville Consolidated School District

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

Janesville Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Janesville, Iowa and portions of the predominately agricultural territories in Bremer and Black Hawk Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Janesville Consolidated School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Janesville Consolidated School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in two jointly governed organizations that provide services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Bremer and Black Hawk Counties Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Childhood Development Fund. These funds are used to account for the food service and daycare operations of the District.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Total	<u>\$456,757</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) **Due From and Due to Other funds**

The detail of inter-fund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Physical Plant and Equipment Levy	<u>\$ 1,413</u>
Physical Plant and Equipment Levy	Capital Projects	<u>\$ 15,496</u>

The Physical Plant and Equipment Levy Fund is repaying the General Fund for over transfer of taxes. The Capital Projects Fund is repaying the Physical Plant and Equipment Levy for over transferred funds. The balance will be repaid by June 30, 2009.

(4) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 68,400
Debt Service	Physical Plant and Equipment Levy	21,622
Hot Lunch	Physical Plant and Equipment Levy	17,025
Capital Projects (Lost)	Capital Projects	336,411
		<u>\$ 443,458</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. The district did not participate in ISCAP for the 07-08 year.

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 18,751	\$ -	\$ -	\$ 18,751
Construction in progress	722,989	-	722,989	-
Total capital assets not being depreciated	\$ 741,740	\$ -	\$ 722,989	\$ 18,751
Capital assets being depreciated:				
Buildings	\$ 1,492,566	\$ 985,330	\$ -	\$ 2,477,896
Improvements other than buildings	214,401	-	-	214,401
Furniture and equipment	1,535,005	-	-	1,535,005
Total capital assets being depreciated	\$ 3,241,972	\$ 985,330	\$ -	\$ 4,227,302
Less accumulated depreciation for:				
Buildings	\$ 931,757	\$ 44,288	\$ -	\$ 976,045
Improvements other than buildings	193,732	1,657	-	195,389
Furniture and equipment	1,390,035	47,726	-	1,437,761
Total accumulated depreciation	\$ 2,515,524	\$ 93,671	\$ -	\$ 2,609,195
Total capital assets being depreciated, net	\$ 726,448	\$ 891,659	\$ -	\$ 1,618,107
Governmental Activities Capital Assets, Net	\$ 1,468,188	\$ 891,659	\$ 722,989	\$ 1,636,858
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 6,480	\$ 17,026	\$ -	\$ 23,506
Less accumulated depreciation	2,381	1,960	-	4,341
Business Type Activities Capital Assets, Net	\$ 4,099	\$ 15,066	\$ -	\$ 19,165

Depreciation expense was charged to the following functions:

Governmental Activities:		
Instruction:		
Regular		\$ 68,213
Other		1,132
Support services:		
Administration		1,730
Operation and maintenance of plant		3,440
Transportation		19,156
Total Depreciation Expense – Governmental Activities		\$ 93,671
Business Type Activities:		
Food service operations		\$ 1,960

(7) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Bus loan payable	\$ 20,612	\$ -	\$ 20,612	\$ -	\$ -
Revenue bonds	1,600,000	-	-	1,600,000	1,600,000
	<u>\$ 1,620,612</u>	<u>\$ -</u>	<u>\$ 20,612</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

Bus Loan

The District purchased a Blue Bird School Bus in March of 2006 for \$61,883. \$21,622 was paid as a down payment, leaving \$40,261 to be paid over the next two years.

During the year ended June 30, 2008, the District made principal and interest payments totaling \$21,622 under the agreement.

Revenue Bonds

Detail's of the District's June 30, 2008 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 1, 2007			
	Interest Rates	Principal	Interest	Total
2009	4.25%	<u>\$1,600,000</u>	<u>\$68,000</u>	<u>\$1,668,000</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$410,000 of School LOST revenues currently on hand shall be deposited to a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$83,513, \$73,918, and \$69,954, respectively, equal to the required contributions for each year.

(9) Risk Management

Janesville Consolidated School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$119,377 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Required Supplementary Information

Janesville Consolidated School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 1,829,417	\$ 171,075
Intermediate sources	-	-
State sources	1,699,638	1,295
Federal sources	102,976	32,510
Total Receipts	<u>\$ 3,632,031</u>	<u>\$ 204,880</u>
Disbursements:		
Instruction	\$ 2,112,702	\$ 68,837
Support services	830,725	-
Non-instructional programs	-	106,026
Other expenditures	1,539,152	-
Total Disbursements	<u>\$ 4,482,579</u>	<u>\$ 174,863</u>
Excess (deficiency) of receipts over (under) disbursements	\$ -850,548	\$ 30,017
Net other financing sources (uses)	<u>-17,025</u>	<u>17,025</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ -867,573	\$ 47,042
Balances beginning of year	<u>2,653,611</u>	<u>-4,534</u>
Balances End of Year	<u>\$ 1,786,038</u>	<u>\$ 42,508</u>

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final To Actual Variance
\$	2,000,492	\$	1,920,640	\$	79,852
	-		-		-
	1,700,933		1,680,918		20,015
	135,486		85,000		50,486
\$	3,836,911	\$	3,686,558	\$	150,353
<hr/>					
\$	2,181,539	\$	2,530,930	\$	349,391
	830,725		1,010,254		179,529
	106,026		118,513		12,487
	1,539,152		2,256,394		717,242
\$	4,657,442	\$	5,916,091	\$	1,258,649
<hr/>					
\$	-820,531	\$	-2,229,533	\$	1,409,002
<hr/>					
	-		-		-
<hr/>					
\$	-820,531	\$	-2,229,533	\$	1,409,002
	2,649,077		2,632,629		16,448
<hr/>					
\$	1,828,546	\$	403,096	\$	1,425,450
<hr/>					

Janesville Consolidated School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

Other Supplementary Information

Janesville Consolidated School District

Combining Balance Sheet
Non-Major Funds

June 30, 2008

	Special Revenue				Total
	Debt Services	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets					
Cash and pooled investments	\$ 4,344	\$ 92,289	\$ 55,208	\$ 68,019	\$ 219,860
Receivables:					
Property Tax:					
Delinquent	-	334	-	630	964
Succeeding year	-	30,000	-	88,912	118,912
Inter-fund receivable	-	-	-	15,496	15,496
Accounts	-	-	435	-	435
Total Assets	\$ 4,344	\$ 122,623	\$ 55,643	\$ 173,057	\$ 355,667
Liabilities & Fund Equity					
Liabilities:					
Accounts payable	\$ -	\$ 947	\$ 160	\$ 1,857	\$ 2,964
Inter-fund payable	-	-	-	1,413	1,413
Deferred Revenue:					
Succeeding year property tax	-	30,000	-	88,912	118,912
Total Liabilities	\$ -	\$ 30,947	\$ 160	\$ 92,182	\$ 123,289
Fund Equity:					
Reserved	\$ 4,344	-	-	-	\$ 4,344
Unreserved fund balances	-	91,676	55,483	80,875	228,034
Total Fund Balance	\$ 4,344	\$ 91,676	\$ 55,483	\$ 80,875	\$ 232,378
Total Liabilities & Fund Equity	\$ 4,344	\$ 122,623	\$ 55,643	\$ 173,057	\$ 355,667

Janesville Consolidated School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds

Year Ended June 30, 2008

	Special Revenue				
	Debt Service	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:					
Local Sources:					
Local tax	\$ -	\$ 44,973	\$ -	\$ 84,696	\$ 129,669
Other	-	1,274	98,265	392	99,931
State sources	-	61	-	115	176
Total Revenues	\$ -	\$ 46,308	\$ 98,265	\$ 85,203	\$ 229,776
Expenditures:					
Current:					
Instruction:					
Other instruction	\$ -	\$ -	\$ 88,793	\$ -	\$ 88,793
Support Services:					
Administration services	-	6,665	-	-	6,665
Operation and maintenance of plant services	-	36,588	-	-	36,588
Other Expenditures:					
Facilities acquisition	-	-	-	38,892	38,892
Long-term debt:					
Principal	20,612	-	-	-	20,612
Interest	69,410	-	-	-	69,410
Total Expenditures	\$ 90,022	\$ 43,253	\$ 88,793	\$ 38,892	\$ 260,960
Excess (deficiency) of revenues over (under) expenditures	\$ -90,022	\$ 3,055	\$ 9,472	\$ 46,311	\$ -31,184
Other Financing Sources (Uses):					
Operating transfers in	\$ 90,022	\$ -	\$ -	\$ -	\$ 90,022
Operating transfer out	-	-	-	-38,647	-38,647
Total Other Financing Sources (Uses)	\$ 90,022	\$ -	\$ -	\$ -38,647	\$ 51,375
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	\$ -	\$ 3,055	\$ 9,472	\$ 7,664	\$ 20,191
Fund balances beginning of year	4,344	88,621	46,011	73,211	212,187
Fund Balances End of Year	\$ 4,344	\$ 91,676	\$ 55,483	\$ 80,875	\$ 232,378

See accompanying independent auditor's report.

Janesville Consolidated School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2008

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfer	Balance End of Year
Book Fair	\$ 2,647	\$ 1,609	\$ 2,185	\$ -	\$ 2,071
7-12 Secondary Account	3,347	664	156	-	3,855
Graduated Classes	3,118	-	132	132	3,118
12 th Grade	1,110	-	392	-621	97
11 th Grade	459	3,020	2,604	15	890
10 th Grade	474	496	207	-96	667
9 th Grade	378	1,140	777	-379	362
Choir/Band Trip	4,109	3,591	2,215	-	5,485
High School Student Council	441	2,585	2,818	2,962	3,170
Athletics	716	32,047	31,502	2,000	3,261
Musical	371	3,222	2,819	-	774
Home Economics	410	-	-	-410	-
Pop Machine	8,043	4,363	4,110	-3,000	5,296
Concession Stand	-	4,325	-	-	4,325
Interest	463	161	27	-150	447
Softball Complex	853	679	389	-	1,143
Publications	7,246	7,530	8,115	-	6,661
Band Resale	10	1,101	976	-	135
Honor Society	485	2,587	1,305	-	1,767
Junior High Student Council	156	-	-	-	156
Art Fund	905	186	-	-	1,091
6 th Grade	103	-	-	-103	-
MS Band	254	3,527	3,672	-	109
Swing Choir	490	128	232	-	386
Elementary Activities	7,792	5,792	4,211	-500	8,873
Miscellaneous	-551	12,072	11,750	150	-79
Spanish Club	739	7,440	8,179	-	-
Technology Fund	550	-	-	-	550
Speech Club	70	-	20	-	50
Drama	823	-	-	-	823
Total	\$ 46,011	\$ 98,265	\$ 88,793	\$ -	\$ 55,483

See accompanying independent auditor's report.

Janesville Consolidated School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Local Sources:				
Local tax	\$ 1,428,595	\$ 1,365,558	\$ 1,293,783	\$ 1,216,625
Tuition	166,772	132,999	117,732	107,834
Other	234,050	294,063	249,477	292,773
State sources	1,699,638	1,610,246	1,580,463	1,488,740
Federal sources	102,976	96,770	55,451	66,830
Total	\$ 3,632,031	\$ 3,499,636	\$ 3,296,906	\$ 3,172,802
Expenditures:				
Instruction:				
Regular instruction	\$ 1,559,627	\$ 1,573,567	\$ 1,452,592	\$ 1,492,098
Special instruction	377,495	335,331	285,007	281,963
Other instruction	175,580	174,201	206,118	222,993
Support services:				
Student services	54,011	50,086	49,502	39,484
Instructional staff services	26,036	29,506	38,679	44,197
Administrative services	365,434	337,623	337,187	306,140
Operation and maintenance of plant services	246,267	228,308	243,661	204,484
Transportation services	138,877	142,231	126,865	97,008
Community service	100	-	-	-
Other expenditures:				
Facilities acquisition	1,329,753	769,037	124,770	129,043
Long-term debt:				
Principal	20,612	19,649	42,207	19,699
Interest and other charges	69,410	47,306	926	1,812
AEA flow-through	119,377	112,250	107,248	100,227
Total	\$ 4,482,579	\$ 3,819,095	\$ 3,014,762	\$ 2,939,148

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Janesville Consolidated School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 12, 2009. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Janesville Consolidated School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Janesville Consolidated School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Janesville Consolidated School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Janesville Consolidated School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Janesville Consolidated School District's financial statements that is more inconsequential will not be prevented or detected by Janesville Consolidated School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Janesville Consolidated School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe items I-A-08 and I-B-08 are material weaknesses.

Compliance and Other Matters

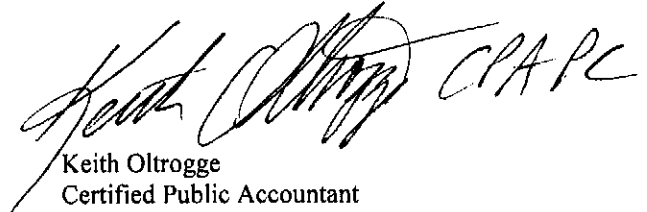
As part of obtaining reasonable assurance about whether Janesville Consolidated School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Janesville Consolidated School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Janesville Consolidated School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Janesville Consolidated School District and other parties to whom Janesville Consolidated School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Janesville Consolidated School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

March 12, 2009

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2008

Part I – Findings Related to the General Purpose Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties

Finding - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the same individual is responsible for preparation of checks and deposits, recording the transaction in the journals, and reconciling the bank statement.

Recommendation - With the limited number of personnel involved in accounting for Organization activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the Organization's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions.

Response - Every effort will be made to further evaluate and restructure accounting tasks limited by the number of employees available to perform said functions. Janesville Consolidated has added an Audit Committee as a sub-committee of the school board that has improved internal control.

Conclusion - Response accepted.

I-B-08 Bank Reconciliation

Finding - The bank statements are not being reconciled on a monthly basis.

Recommendation - Bank statements should be received and reconciled on a monthly basis with supporting documentation properly maintained. This is an important function in the internal control system.

Response - We will change our banking procedures.

Conclusion - Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2008

Part I -- Findings Related to the General Purpose Financial Statements (continued)

I-C-08 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2008

Part II - Other Findings Related to Required Statutory Reporting:

II-A-08 Certified Budget – Expenditures for the year ended June 30, 2008 did not exceed the certified budget amounts.

II-B-08 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-08 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions – No business transactions between the District and District officials or employees were noted.

II-E-08 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-08 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions were found that I believe should have been approved in the Board minutes but were not. Certain minutes were not published within the two week period after the meeting date, as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – Procedures have been revised to ensure the minutes are published as required.

Conclusion – Response accepted.

II-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-08 Certified Annual Report – The Certified Annual Report was not filed with the Iowa Department of Education timely.

Recommendation – The District needs to file the Certified Annual Report in the prescribed time limits established by the Department of Education.

Response – The Certified Annual Report will be filed on time in the future. We had an extension on the CAR reporting, problems with fund 35, DOE personnel changed (Deb Schroeder left) and DOE ended up uploading our information at their tech department.

Conclusion – Response accepted.

Janesville Consolidated School District

Schedule of Findings

Year Ended June 30, 2008

Part II - Other Findings Related to Required Statutory Reporting: (continued)

II-J-08 Revenue Bonds – The District has complied with the requirements of the revenue bond resolution.

II-K-08 Deficit Balances – One student activity accounts had a deficit balance at June 30, 2008.

Recommendation – The District should continue to investigate alternatives to eliminate this deficits in order to return this account to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

II-L-08 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response – The District will obtain and retain images of both the front and back of cancelled checks as required. The District can go on line at any time and see/print the back side of any check.

Conclusion – Response accepted.

II-M-08 Student Activity Fund – The Student Activity Fund includes accounts which should have been reclassified by a residual equity transfer in prior years in order for the fund to conform to U.S. generally accepted accounting principles in accordance with Chapter 257.31(4) of the Code of Iowa. These accounts include the Miscellaneous and Graduated Classes.

Recommendation – The District should make a corrective transfer to account for this in the General Fund or another activity.

Response – We will review this account and reallocate where necessary to other proper activities..

Conclusion – Response accepted.